

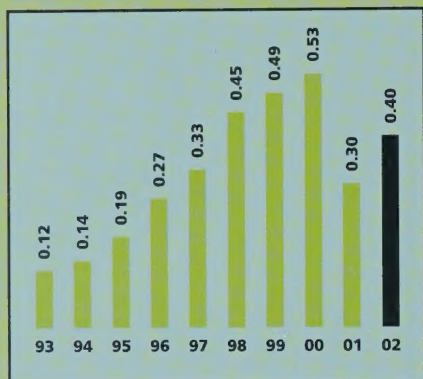
SOC

The letters 'S', 'O', and 'C' are rendered in a large, bold, sans-serif font. Each letter contains a different image. The 'S' shows a close-up of a green circuit board with various components. The 'O' shows a similar circuit board but with the word 'GENNUM' printed in white. The 'C' shows a library card with the following text: 'Spear Business Reference', 'University of Alberta', '1-18 Business Building', 'Edmonton, Alberta T6G 2R8'. The background of the entire page is dark and textured.

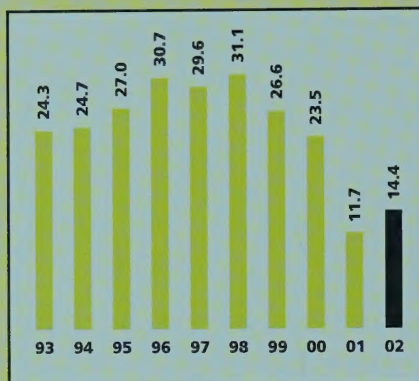
Financial Highlights

Gennum experienced strong growth in both revenue and earnings in 2002, driven by the introduction of new products and the continued focus on operating efficiencies.

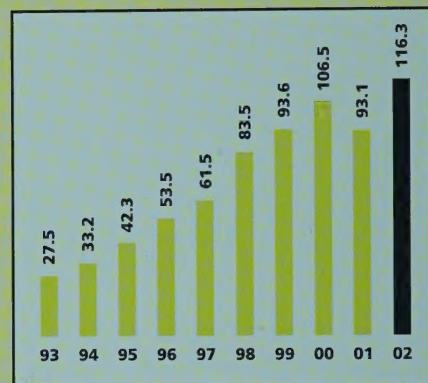
The company continues to operate from a strong financial base with no long-term debt and a strong cash position.



Earnings per Share (\$)



Return on Equity (%)



Revenue (\$ millions)

Core Strengths

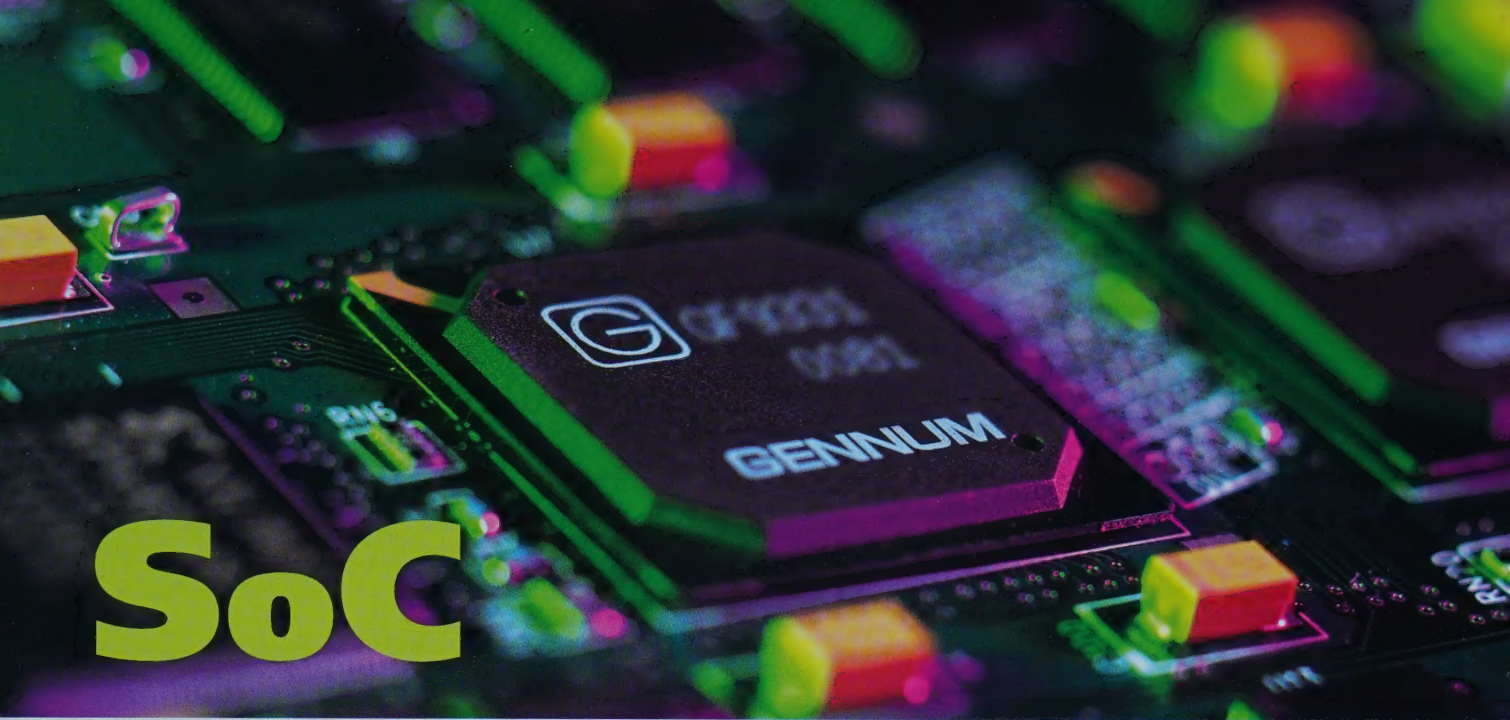
- **High Speed Transmission** – Gennum products have the ability to transmit serial data over copper media at high speeds.
- **Multichip Packaging** – Gennum's specialized technology combines active and passive components in miniaturized modules that support greater functionality for increasingly complex applications.
- **Low Power** – Our unique expertise enables the development of sophisticated signal processing schemes used at extremely low power levels.
- **Customized Solutions** – Our intimate knowledge of market requirements, combined with our expertise and commitment to R&D, equips us to offer solutions that deliver superior value.

Index

Page Section

2	At-a-Glance
4	Message to Shareholders
6	Video Products
8	Hearing Instrument Products
10	Data Communications Products
12	Company Overview

13	Management's Discussion and Analysis
19	Auditors' Report
20	Consolidated Financial Statements
23	Notes to Consolidated Financial Statements
30	Ten Year Financial Review
IBC	Corporate Information



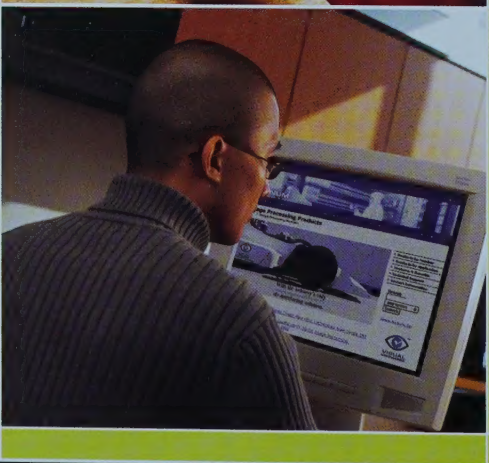


SoC

SoC (System on a Chip) is a highly integrated silicon chip containing digital and analogue components, often including embedded processors and memory.

Gennum Corporation is a leading supplier of **ICs** and **SoCs** to the video transport and hearing instrument markets. Gennum has also developed new products for image processing within high quality video displays and advanced high-speed data transmission devices for the data communications and telecommunications markets.

Semiconductor Solutions for Specialized Market Applications

Business Unit		Products
<p>Video Products</p>		<p>Video Transport components</p> <p>Image Processing components</p>
<p>Hearing Instrument Products</p>		<p>Digital Signal Processing (DSP) products</p> <p>Micro Power Analogue components</p>
<p>Data Communications Products</p>		<p>Serializer/Deserializers (SerDes) ICs</p> <p>Clock and Data Recovery (CDR) ICs</p> <p>Equalizer ICs</p>

Application	Growth Drivers
<p>Transport of standard and high-definition video in studio and post-production houses.</p> <p>Signal processing between HDTV and SDTV for broadcast equipment, business projectors, plasma screens, LCD and home theatre applications.</p>	<p>Global rollout of high-definition television formats.</p> <p>Growth of capital expenditures in studio equipment.</p> <p>Proliferation of large screen LCD and plasma video displays.</p>
<p>Digital hearing aids</p> <p>Analogue hearing aids</p>	<p>Continued market migration to digital products.</p> <p>Continued launch of new digital products to gain market share.</p> <p>Expected recovery in hearing instrument market.</p>
<p>High speed data transport <i>within</i> networking equipment (backplane applications).</p> <p>High speed data transport <i>between</i> networking equipment (copper and optical transceiver applications).</p>	<p>Entering large global market of data transport with innovative and proprietary technology.</p> <p>Leveraging 15 years of video transport experience.</p>

Message to Shareholders

We are pleased to report that 2002 was a year of substantial success and profitable growth for Gennum. We continued to execute our strategy of leveraging our expertise in semiconductor technology into new products and new markets around the world.

Total revenue for the year grew by 25.0% to \$116.3 million. Net income increased by 33.8% to \$14.1 million, or \$0.40 per share. The company exceeded its annual objectives in all critical operational measures. These results are particularly encouraging in that they were achieved while overall economic conditions in both the video and hearing instrument markets continued to be challenging. We managed to secure growth and profitability by capturing market share, primarily through new product launches.

Growth Driven by New Products – We enjoy a leading global market share in video transport products that are used to move digital television data at very high speeds within broadcast studio and post-production environments. A second and newer line of business within this unit involves image processing. These Systems on a Chip (SoCs) enable the highest quality conversion of signals of various formats for display on video screens.

Video products revenue grew by 33.9% during the year. This was driven largely by an increase in high-definition product revenue in Japan as the conversion to terrestrial HDTV gains momentum there. Our video business in Japan doubled in 2002. Gennum's products have played a significant role in enabling the expeditious rollout of the new HDTV platforms, and we have captured virtually all the new business opportunities resulting from this conversion. We anticipate that high-definition and multi-rate transport products will continue to be growth drivers, while standard-definition products will experience little change.

The success of our recently launched digital hearing products led to over \$19 million in DSP revenue for our hearing instrument business unit in 2002. Gennum's DSP products, first introduced late in 2001, have gained strong acceptance in the marketplace due to their superior audio quality, low power requirements and ease of use. We will continue to develop new products to gain market share.

Our efforts in data communications have progressed well during 2002. We are now in the system prototyping and testing stage with our customers of new equalizers, serializer/deserializer (SerDes) and clock and data recovery (CDR) products that show great promise in improving the efficiency of 10 Gigabit per second data transmission. We are on the leading edge of new standards and protocols such as the 10 Gigabit optical transceivers that will enable the next generation of high-speed data transmission. We expect these products to begin making contributions to revenues in 2004.

Strategic Investments in Research & Development – The speed and efficiency with which we are able to develop and manufacture our new products is improving our ability to grow. We have reduced cycle times for new products by up to 40%. This is a direct result of our continued investment in strategic product development initiatives such as new design methodologies and tools and high-end computing platforms. These tools and capabilities position us strongly in the new image processing and data communications markets.

Investment in research and development will remain at high levels in 2003 as we continue to access leading-edge technology and to design new, cost-effective, low power products with more highly integrated functions than ever before. We believe this to be essential for continued growth in uncertain markets.

We are also the leading contributor to microelectronics research in Canadian universities, and actively work with various levels of government to encourage further investment in microelectronics research in Canada.

Quality Products and People – A strong focus on quality remains a key component of our growth strategy. In a year when we rolled out more new products than ever before, it was particularly rewarding to earn the ISO 9001:2000 designation with no non-conformance in any area – the company's best performance ever. The ISO designation is important recognition that the company's products and processes meet exacting international standards, enhancing customer acceptance.

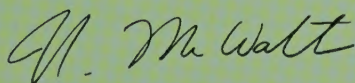
At Gennum, we also pride ourselves in fostering an open environment of growth and learning. We provide exceptional opportunities for our people to work with leading-edge technologies and with customers who are world leaders in their markets. We strongly believe in the linkage between providing an open, developmental environment for our employees and our success in the marketplace.

In 2002, our new 68,000 sq. ft. office facility in Burlington was completed, providing additional space for technical, sales and marketing and administrative personnel as the company continues to expand its workforce. Gennum, in creating new jobs and providing a rewarding workplace, was recognized as one of the Top 100 Employers in Canada for the third consecutive year.

Acknowledgements – I would like to acknowledge the substantial contributions over the past eight years of Robert Ferchat and Pierre Choquette who stepped down from our Board of Directors in 2002.

I would also like to thank all of our employees for their relentless pursuit of success. The integrity, dedication and talent of our people positions us among the best in the world at what we do.

Outlook – Continued Profitable Growth – Our organization continues to hone its technological capabilities and marketing skills. We remain committed to our growth strategy and will continue to invest significantly in R&D to develop new products in all our market areas at an accelerated pace and to enter new markets based on our existing strengths. We expect to continue our profitable growth into the future and to deliver strong shareholder returns.



Ian McWalter
President and Chief Executive Officer

Video Products

Gennum is a global market leader in semiconductors for video transport, and is rapidly gaining share in the image processing market.

Market Leadership – Our video transport products move digital video content quickly and cleanly in both studio and post-production environments. We work with over 700 electronics companies in 35 countries to develop products in both standard-definition and high-definition video signal creation and delivery. Gennum participates in all of the major industry standards organizations worldwide to ensure superior solutions for our customers.

The video transport market is a robust and developing business, driven by the growing worldwide rollout of high-definition television programming. Gennum leads this market with approximately one-half of our video revenue in Japan, and the balance in North America and Europe.

A new segment in video is our emerging image processing business. Our image processing products enable various signal formats to be scaled and transformed for display on high quality screens such as high-end projection systems, video walls and large screen home theatres. This is a high potential market driven by the growing popularity and prevalence of large, high quality video displays.

Developments and Outlook – The rollout of high-definition television around the world is gaining momentum. Japan has committed to a full conversion by 2007 and the United States government has recently revitalized its transition to HDTV. Gennum is well positioned to capture a growing share of these new business opportunities with its multi-rate video transport products and new image processing products.



- 1** Gennum's first significant entry into the image processing market. It supports all international standards for standard-definition and high-definition television signal formats.
- 2** Most original programming content is now captured in high-definition format. Gennum develops specialized solutions for both transport and conditioning of the high-definition signals.
- 3** Image processing chips are used within high-end displays such as production equipment, video walls, projection systems, plasma displays, LCD televisions, home theatre systems and HD DVD players.
- 4** Gennum's transport and image processing products enable the routing, transfer and display of the high-definition video within the studio and post-production houses.

Hearing Instrument Products

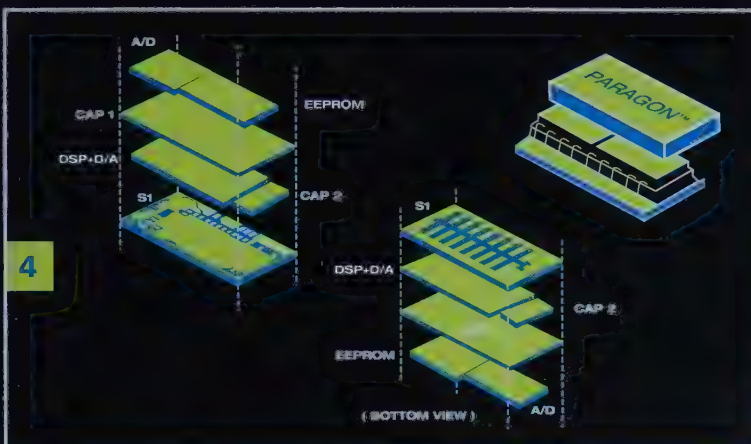
Gennum's products are sold to virtually all hearing instrument manufacturers around the world.

Market Leadership – Gennum has been a leader in the supply of semiconductor components to hearing instrument manufacturers since the company's inception, almost 30 years ago. Initially leading the market in analogue components, Gennum has entered the DSP market and has quickly established a strong position. The majority of hearing instruments in the world contain a Gennum processor. We are able to capture and maintain significant share because of our ability to deliver superior standard and custom solutions with micro power requirements and ultra miniaturized packaging.

Historically, the market for our hearing instrument products has grown slowly, but steadily. During 2002, largely because of the economic slowdown in North America, the hearing instrument market declined by approximately 2%. The market is transitioning rapidly to digital technology and Gennum is striving to maintain a leadership position as this takes place.

Partnerships with our customers have enabled Gennum to build our leading portfolio. We utilize our world-class research and design capabilities to develop state-of-the-art digital platforms, new software and packaging methods to continuously improve the performance of our products. We also provide online tools allowing customers to tailor the base software applications to their unique needs. It additionally benefits the customer by requiring fewer resources and reducing time to market for new products.

Developments and Outlook – As general economic conditions improve, hearing instrument sales should gain buoyancy and return to historical growth levels. The digital share of the market is expected to grow strongly over the medium term, presenting a significant growth opportunity for Gennum. We believe our pioneering developments in leading-edge semiconductor technologies and development of new software will lead to strong growth for our digital platforms well into the future.



- 1 Gennum's digital signal processors are specially configured to exacting hearing instrument manufacturer requirements.
- 2 Advancing the miniaturized packaging of semiconductors is one of Gennum's core advantages.
- 3 Manufacturers of hearing instruments are developing much smaller, more powerful designs that fit unobtrusively within the human ear.
- 4 Using thinSTAX™, Gennum's unique, multi-chip module packaging technology, these circuits are among the smallest digital systems currently available.

Data Communications Products

Gennum's new data communications products will enable the next generation of high-speed networking gear.

Developing Leading Edge Products – Data communications products are Gennum's most recent application of its core semiconductor technology that enable high-speed data transmission. Over the past year, Gennum has gone from a virtual unknown in data communications to being well respected for its technology by many companies that have tested our prototypes.

Sustained serial data rates of more than 10 Gigabits per second over copper backplane links were thought to be impossible because of the inherent noise and signal loss. Gennum's new products are breaking down these barriers with speed and signal recovery characteristics previously thought unachievable.

In 2002, Gennum was selected by a major global networking company to develop an advanced serializer/deserializer (SerDes) for high-speed backplane transmission applications. In addition, Gennum developed 10G clock and data recovery (CDR) products for use in emerging XFP optical transceivers. These transceivers convert 10G signals from optical to electrical (and vice versa) for high-speed movement of data between routers and switches or other networking gear. We participate in standards bodies to generate awareness of our innovations, to gain early insights into upcoming market needs and to influence the overall product requirements.

Developments and Outlook – Gennum is developing a mix of custom and standards-based products by working directly with major customers for fundamental design specification input and detailed prototype testing feedback. This approach ensures products under development match the needs of key potential customers. The current market within the telecommunications industry is challenging, and Gennum is focused on design wins to position itself to benefit from the market recovery.



- 1 Gennum's SerDes chips are designed for applications within 10 Gigabit Ethernet switches, 10 Gig fiber channel switches, terabit routers, metro-area networking equipment and other high speed networking equipment.
- 2 SerDes and CDRs work to move data more quickly and clearly than ever before within and between networking equipment.
- 3 The benefit to the ultimate end user of Gennum's technology is increased speed for Internet use and other computing applications to handle the increasingly complex content.
- 4 One of the key competitive advantages of Gennum's products is the ability to recondition and recover high-speed signals.



Company Overview

Gennum's employees are highly skilled and dedicated; about one-half are engineers, scientists, technologists and technicians. We emphasize training and encourage development at all levels through challenging assignments, a continuous improvement culture, a team-based approach and access to sophisticated software and hardware design resources.

Gennum actively participates in a number of industry and standards organizations ranging from the Strategic Microelectronics Consortium, to the Hearing Industries Association, to the Society of Motion Picture and Television Engineers. Senior and technical personnel provide representation on boards, sub-committees and other forums while making recommendations and formulating policy.

Gennum is a strong supporter of the communities in which it maintains a corporate presence.

Through joint research and development activities at Canadian universities, Gennum is the leading supporter of microelectronics research in the country, benefiting both the academic and business worlds. Additionally, our participation in co-op programs and internship placements provides employment opportunities for university and college students. We also provide funding and resources for science camps and other educational programs that promote awareness of the sciences among high school and primary grade students.

Gennum's support extends into the community in which our employees live. We have a long-standing history of supporting various charitable organizations within the areas of health and welfare, education, culture and the environment. Recent donations include funding to capital campaigns for local hospitals and sponsorship of various science-based programs for children.

Management's Discussion and Analysis

The following discussion and analysis should be read in conjunction with the company's fiscal 2002, 2001 and 2000 Consolidated Financial Statements and accompanying notes.

This document may contain forward-looking statements, relating to the operations or to the environment in which we operate, which are based on our operations, estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict and/or are beyond our control. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. These factors include those set forth in this report and other public filings. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they are made.

We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

OVERVIEW

Gennum Corporation is a leading producer of silicon integrated circuits (ICs) and hybrid circuits for the hearing instrument and video markets, and is developing a new business in the data communications market. More than 500 skilled employees serve an international customer base from offices in Burlington and Ottawa, Canada, and through subsidiaries in Japan and the United Kingdom. Gennum has operated since 1973, and its shares have been listed on the Toronto Stock Exchange since 1982 (TSX:GND).

Video Products – As a component supplier, we serve the manufacturers of video equipment and systems for broadcast television content creation and distribution. The equipment and their components must meet the industry's highest performance standards as content must be originated at the highest quality level possible. Our product lines include GENLINX™ and HD-LINX™ for sending and receiving video signals, and MultiGEN™, which makes possible the processing and conversion of video content.

The move towards digital television capability, particularly high-definition (HDTV) in broadcast television studios is fueling Gennum's development activity and long-term growth. This trend, driven by the digitization of video content creation, as well as by consumer demand for an improved viewing experience, is likely to benefit program producers and equipment suppliers alike.

Hearing Instrument Products – We supply semiconductor components to virtually all of the world's manufacturers of hearing instruments. These instruments help people suffering from hearing loss. We produce about 140 different ICs for this industry, ranging from single-function ICs to complex miniaturized modules containing a number of ICs coupled with other passive electronic parts. We have capability in micro power chip design and multi-chip miniaturized packaging, which positions us to meet demand for increasingly sophisticated hearing instruments that are small enough to fit unobtrusively in the ear canal.

Data Communications Products – In 2001, Gennum established a new business in the high-speed data communications market. Revenue in this market was not material in 2001 and 2002. This business leverages our video product group's core competencies in high-speed signal transmission. The ICs required for datacom transmission are similar to those used in video transmission, although they operate at higher data rates and to different standards. This similarity enabled Gennum to rapidly develop and announce our first datacom products in 2001.

COMPARISON OF OPERATING RESULTS

Total Revenue

(in millions of dollars)

12 Months Ended November 30



	2002	2001	% Change in 2002	2000	% Change in 2001
Total Revenue	\$ 116.3	\$ 93.1	25.0%	\$ 106.5	-12.6%

Video Products Revenue

(in millions of dollars)

12 Months Ended November 30



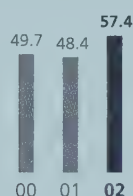
	2002	2001	% Change in 2002	2000	% Change in 2001
\$	58.0	43.4	33.9%	55.3	-21.6%

The significant growth in video product revenue in 2002 was driven by a 143.0% increase in high-definition product revenue over the prior year. Substantial increases in high-definition product revenue in Japan resulted from the commitment by the Japanese government to convert all current television broadcasting in Japan to a high-definition format, with the first three major broadcast stations starting to broadcast in 2004 and the remaining stations converting over the next three to five years. Despite decreases in our standard-definition product revenue, we continue to grow our share of this market. In 2001, revenue from video products decreased 21.6%, primarily due to reduced revenue from standard-definition products, especially in North America and the Pacific Rim, arising from reduced capital expenditures by broadcasters. Video products represented 49.9% of total revenue in 2002, 46.6% in 2001 and 51.9% in 2000.

Hearing Instrument Products Revenue

(in millions of dollars)

12 Months Ended November 30



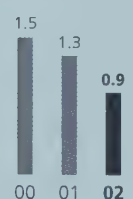
	2002	2001	% Change in 2002	2000	% Change in 2001
\$	57.4	48.4	18.6%	49.7	-2.5%

The global hearing instrument industry showed modest decline overall in 2002. Against this industry backdrop, Gennum's hearing instrument product revenue for 2002 increased by 18.6% from the prior year, reflecting market share gains by our new digital signal processing (DSP) products. We have established a very strong presence in the DSP market, only fifteen months after the start of shipments. Revenue from older analogue products was below the prior year, resulting from the market transition to newer digital processing products. Fiscal 2001 revenue decreased by 2.5%, reflecting weaker sales of analogue products resulting from the continued market transition to newer DSP products, as well as overall softness in the hearing instrument market. In 2002, revenue from hearing instrument products represented 49.4% of total revenue compared with 52.0% in 2001 and 46.7% in 2000.

Other Products Revenue

(in millions of dollars)

12 Months Ended November 30



	2002	2001	% Change in 2002	2000	% Change in 2001
\$	0.9	1.3	-37.5%	1.5	-16.2%

Revenue of other products contributed 0.7% to overall revenue in 2002 and 1.4% in 2001 and 2000. This revenue includes sales of older products outside of our core markets and initial sales of new products in the data communications market.

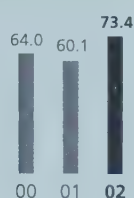
In 2002, we experienced a 79.9% increase in Pacific Rim revenues, while North American revenues increased by 14.8% and European revenues fell by 15.6%. We believe these results reflect our success in the Pacific Rim region, but may be somewhat distorted due to the fact that the customer purchasing decision sometimes originates in a different region than the product destination.

OPERATING EXPENSES EXCLUDING R&D

Operating expenses (including cost of goods)

(in millions of dollars)

12 months ended November 30



2002	2001	% Change in 2002	2000	% Change in 2001
\$ 73.4	\$ 60.1	22.1%	\$ 64.0	-6.0%

Percentage of revenue

12 months ended November 30



2002	2001	% Change in 2002	2000	% Change in 2001
63.1%	64.6%	-1.5%	60.0%	4.6%

Operating expenses (including cost of sales and excluding R&D) as a percentage of revenue decreased to 63.1% in fiscal 2002 from 64.6% in 2001. Operating expense is not a measure of performance calculated in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and does not have any standardized meaning under GAAP. Operating expense, as defined by Gennum, includes all expenditures other than R&D. Operating expenses as a percentage of revenue has been impacted by three factors. During the year, margins improved as a result of a mix of more video products and less hearing instrument products. The improved margin has been partially offset by increased sales, marketing and administration costs primarily resulting from additional performance-based compensation owing under the company's profit sharing and incentive plans. In addition, in 2001 management discontinued the practice of allocating non-manufacturing administration costs to inventories.

The 4.6% increase in operating expenses as a percentage of revenue for fiscal 2001 resulted from three factors. First, management discontinued the practice of allocating non-manufacturing administration costs to inventories. In addition, a higher percentage of revenue was derived from lower-margin hearing instrument products, resulting in an unfavourable margin mix variance. Finally, manufacturing overheads, including personnel costs, increased as a percentage of revenue, as a result of lower revenue, as management decided to maintain manufacturing capacity in anticipation of increasing demand in 2002.

RESEARCH AND DEVELOPMENT (R&D) EXPENDITURES

R&D Expense

(in millions of dollars)

12 months ended November 30



2002	2001	% Change in 2002	2000	% Change in 2001
\$ 27.7	\$ 22.5	22.9%	\$ 18.0	25.2%

Investment in R&D in 2002 increased 22.9% to \$27.7 million, representing 23.8% of revenue, down slightly from 24.2% of revenue last year. The additional R&D expenditures are attributable to higher performance-based compensation for R&D personnel and incremental expenditures incurred on mask sets for new products fabricated in advanced silicon technology. In addition, we continued with our plan to improve product development capacity with the addition of more designers and new design automation software to handle greater product development complexity.

R&D investment in 2001 was 24.2% of revenue compared to 16.9% of revenue in 2000. In fiscal 2001, we launched our DSP hearing instrument product, and our first data communications and video image processing products. Spending in 2001 targeted the hiring of more designers and the addition of new design automation software, both of which improved our product development capacity. Additionally, there was an increase in the cost of mask sets for new hearing instrument and video products.

INCOME TAXES

Income taxes for the year of \$7.0 million represented 33.3% of earnings before taxes, up marginally from 32.2% in 2001. In 2002, a larger percentage of consolidated net earnings was generated in Japan, which has a higher corporate taxation rate than Canada.

NET EARNINGS

Net Earnings

(in millions of dollars except EPS)
12 months ended November 30



Net Earnings as % of Revenue
Earnings per share (diluted)

	2002	2001	% Change in 2002	2000	% Change in 2001
	\$ 14.1	\$ 10.5	33.8%	\$ 18.8	-43.9%
Net Earnings as % of Revenue	12.1%	11.3%	0.8%	17.6%	- 6.3%
Earnings per share (diluted)	\$ 0.39	\$ 0.30	30.0%	\$ 0.53	-43.4%

The variances in net earnings in 2002 and 2001 are due to changes in revenue, operating expenses and R&D investment, as detailed above.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

(in thousands of dollars except per share amounts)

Quarter Ended	Revenue	Net Earnings	Earnings Per Share (undiluted)
February 28, 2001	24,541	4,149	0.12
May 31, 2001	23,688	2,341	0.07
August 31, 2001	22,678	2,848	0.08
November 30, 2001	22,172	1,197	0.04
February 28, 2002	21,865	2,512	0.07
May 31, 2002	26,842	2,689	0.08
August 31, 2002	30,992	3,761	0.11
November 30, 2002	36,615	5,131	0.14

We do not believe that there are any seasonal trends in our revenue. Revenue increased through 2002 as a result of new product introductions.

LIQUIDITY AND CAPITAL RESOURCES

Cash and Cash Equivalents – As of November 30, 2002, cash and cash equivalents were \$19.3 million, up \$3.6 million from the prior year-end, after funding capital additions of \$16.2 million, including a new office facility. Cash flow for the year improved as a result of higher net earnings and more effective management of working capital.

Cash and cash equivalent balances at the end of fiscal 2001 were \$15.7 million, down 31.7% from \$22.9 million at the end of fiscal 2000. The reduction in cash for the year resulted from a combination of four factors: lower net earnings, additional capital expenditure on manufacturing and R&D equipment, investment in new land and building, and increased non-cash working capital.

We continue to fund all of our growth and capital acquisitions using cash generated from operations.

Accounts Receivable – As at November 30, 2002, accounts receivable balances increased to \$23.2 million from \$12.9 million at the end of the prior year as a result of higher revenues towards the end of the 2002 fiscal year.

Accounts receivable at the end of fiscal 2001 were down 3.5% to \$12.9 million from \$13.4 million in 2000. Despite careful management of accounts receivable, many customers slowed their payments as a result of the weak economic environment.

No material write-offs occurred in the current or previous year.

Inventories – Inventories at year-end were \$23.2 million, down 8.7% from the end of fiscal 2001. Diligent management of inventories, together with additional revenues in the quarter, resulted in decreased inventory levels.

Inventories at the end of 2001 were \$25.4 million, up 3.1% from the end of fiscal 2000, as a result of lower than expected revenues and the building of inventories for new product launches. In addition, in 2001 we discontinued the practice of allocating non-manufacturing administration costs to inventories.

Accounts Payable and Accrued Liabilities – Accounts payable and accrued liabilities at November 30, 2002, were \$18.3 million, up from \$10.7 million at the end of fiscal 2001, primarily as a result of the increases in the amounts owing under the company's profit sharing and incentive plans.

The 2001 balance of \$10.7 million was down from \$15.5 million at the end of fiscal 2000. The 2001 balance reflected the reduced amounts owing under the profit sharing and incentive plans.

Capital Expenditures – Capital additions were \$16.2 million in 2002, \$12.4 million in 2001 and \$9.3 million in 2000. Expenditures in 2002 and 2001 related primarily to the construction of a new office building and the upgrade of R&D design tools to improve product development efficiency. In addition, we continued to upgrade manufacturing equipment.

Dividends – In 2002 and 2001, we paid a dividend of \$4.3 million, or 12 cents a share. In 2000, we paid a dividend of \$4.1 million.

RISKS AND UNCERTAINTIES

Our company is subject to a number of risks and uncertainties that can significantly affect our financial condition and our future financial performance. We have a comprehensive planning process where risks are identified and plans initiated to minimize risks wherever possible. Key risks include, among others:

Reliance on Foundries and ASIC providers – We currently rely on external foundries and Application Specific Integrated Circuit (ASIC) providers to manufacture certain products used in our components. There can be no assurance that these manufacturers will be able to meet our near-term or long-term manufacturing requirements. Although reliable relationships with suppliers are key to ensuring adequate product supply, an inability to maintain these relationships could have an adverse impact on revenue and operating results. However, the company believes that it has solid relationships with its major suppliers.

Reliance on Key Employees – Our future success is dependent on key employees. Competition in our industry for high-level and competent engineering, marketing and sales staff and executive management is intense. There is no assurance that we will be able to retain existing personnel, or attract and hire additional qualified personnel. The loss of certain key employees, or the inability to hire and attract key employees, could affect our business. However, we believe that Gennum's corporate culture, strong values and emphasis on career development and competitive remuneration position us as a preferred employer for qualified professionals.

Highly Competitive Environment – The markets in which we compete, and are expecting to compete in the future, are highly competitive and characterized by rapid technological change and new product introductions. The relative consistency of our financial performance since inception reflects our ability to compete successfully in this environment. Our long-term focus on R&D, combined with our constant effort to anticipate customers' evolving needs and focus on quality, helps to ensure a compelling value proposition. However, the entry of new competitors into the market, or the introduction of competitive products on a more timely basis, or with superior functionality to ours, could have a material adverse effect on our business, results of operations and financial condition.

New Markets – Gennum recently entered the video image processing and data communications markets. We focus on developing strategic relationships with leading companies around the world in each of our target markets to help ensure the relevance and acceptance of our products. However, our ability to succeed in these markets is subject to uncertainties, including market acceptance of our products, time to market, new competitors and customers, and the establishment of distribution channels.

Economic Cycles – Historically, the semiconductor industry has been characterized by wide fluctuations in product manufacturing, assembly and testing, and supply and demand. The industry has also experienced significant downturns, often in connection with, or in anticipation of, declines in general economic conditions. These downturns have been characterized by diminished product demand and production overcapacity. In times of high growth, production capacity may be unavailable. Although we maintain constant dialogue with our customers to gauge current and expected market conditions and spending patterns, industry-wide fluctuations in the future could have a material adverse effect on our business, financial condition and results of operations.

Short-Term Operating Expenses – Many of our research, development, marketing, general and administrative expenses are fixed in the short term, while revenue is not. This means that fluctuations in revenue may cause profit to increase or decrease significantly.

Reliance on Key Customers – Customers often shift buying patterns as they manage inventory levels or change their orders for various reasons. If one or more customers were to delay, reduce or cancel orders, our overall orders may fluctuate and could adversely affect future revenue streams. Only one customer currently represents slightly more than 10% of revenue.

Intellectual Property – To compete effectively we must protect our proprietary information. However, competitors may independently develop technologies that are similar or better than ours. We protect our intellectual property through patents, where possible.

Foreign Exchange – We are exposed to foreign currency rate fluctuations as revenue is predominantly earned in US Dollars, Japanese Yen and UK Sterling. Expenses are incurred mainly in Canadian Dollars, but also in US Dollars, Japanese Yen and UK Sterling. We utilize a combination of forward, option or spot strategies to manage the risk associated with fluctuations in foreign exchange rates.

OUTLOOK

Gennum's financial performance in 2002 was strong with revenues growing by 25% and net earnings by 33.8%, despite the weak economic environment.

We ended 2002 with financial flexibility and a strong pipeline of products, which positions us to capitalize on the economic upswing when it occurs.

Our growth strategy for 2003 and beyond remains unchanged:

- Pursue a leadership position in the high-speed data communications market.
- Strengthen our competitive edge in HDTV, image processing and digital hearing instrument products.
- Leverage our core competencies in new markets where our technological expertise is in demand.
- Exercise tight control over discretionary expenses.
- Continue ongoing dialogue with our global customer base to monitor industry conditions and develop new business opportunities.

While we have modest expectations for overall growth in our markets in 2003, we are optimistic that we can continue to gain share. In the longer term, we are confident that success in our new markets and continued leadership in our existing ones will enable us to achieve consistent profitable growth.

We remain committed to long-term value creation: for our shareholders, our customers, our employees and our partners.

Management's Responsibility for Financial Reporting

The accompanying financial statements of Gennum Corporation and the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis to ensure that the financial statements are presented fairly in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with the financial statements.

Gennum Corporation maintains systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting, and the Board is ultimately responsible for reviewing and approving the financial statements.

An Audit Committee is appointed by the Board and all of its members are outside directors. The Committee meets periodically with management, as well as with the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to review the annual financial statements. The Committee reports its findings to the Board of Directors for consideration in approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by Ernst & Young LLP, the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the shareholders. Ernst & Young LLP has full and free access to the Audit Committee.



Ian L. McWalter
President and Chief Executive Officer



Peter D. Bloch
Vice-President, Finance and Administration and
Chief Financial Officer

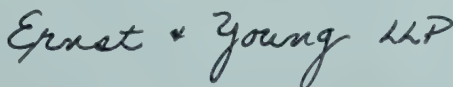
Auditors' Report

To the Shareholders of Gennum Corporation

We have audited the consolidated balance sheets of Gennum Corporation as at November 30, 2002 and 2001 and the consolidated statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at November 30, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Mississauga, Canada
December 12, 2002

Consolidated Balance Sheets

As at November 30 (Canadian dollars, amounts in thousands)

	2002	2001
Assets		
Current		
Cash and cash equivalents	19,261	15,658
Accounts receivable	23,205	12,890
Inventories (note 3)	23,194	25,405
Prepaid expenses and other assets	4,246	3,652
Income taxes recoverable	—	3,554
Total current assets	69,906	61,159
Future income taxes (note 7)	435	172
Capital assets (note 4)	52,121	45,412
	122,462	106,743
Liabilities and Shareholders' Equity		
Current		
Short-term bank loan	—	1,281
Accounts payable and accrued liabilities	18,251	10,656
Income taxes payable	58	—
Future income taxes (note 7)	806	944
Total current liabilities	19,115	12,881
Future income taxes (note 7)	532	1,013
Shareholders' equity		
Capital stock (note 5)	6,995	6,994
Retained earnings	96,485	86,671
Cumulative translation adjustment (note 8)	(665)	(816)
Total shareholders' equity	102,815	92,849
	122,462	106,743

See accompanying notes

On behalf of the Board:



Director



Director

Consolidated Statements of Earnings and Retained Earnings

Years ended November 30 (Canadian dollars, amounts in thousands except per share data)	2002	2001
Revenue (note 6)	116,314	93,077
Investment income	206	591
	116,520	93,668
Expenses excluding amounts shown below	73,402	60,121
Research and development expense	27,671	22,523
Less government assistance	(5,693)	(4,521)
	95,380	78,123
Earnings before income taxes	21,140	15,545
Provision for income taxes (note 7)	7,046	5,009
Net earnings for the year	14,094	10,536
Retained earnings, beginning of year	86,671	80,415
Dividends	(4,280)	(4,280)
Retained earnings, end of year	96,485	86,671
Earnings per share (note 5)		
Basic	\$ 0.40	\$ 0.30
Diluted	\$ 0.39	\$ 0.30
Dividends declared per share	\$ 0.12	\$ 0.12

See accompanying notes

Consolidated Statements of Cash Flows

Years ended November 30 (Canadian dollars, amounts in thousands)	2002	2001
Operating Activities		
Net earnings for the year	14,094	10,536
Items not affecting cash		
Amortization	9,170	7,007
Gain on sale of capital assets	(100)	—
Future income taxes	(882)	195
	22,282	17,738
Net change in non-cash working capital balances related to operations (note 9)	2,685	(9,045)
Cash provided by operating activities	24,967	8,693
Investing Activities		
Purchase of capital assets	(16,162)	(12,433)
Proceeds of sale of capital assets	402	—
Cash used in investing activities	(15,760)	(12,433)
Financing Activities		
Short-term bank loan	(1,255)	1,291
Dividends paid	(4,280)	(4,280)
Cash used in financing activities	(5,535)	(2,989)
Effect of exchange rate changes on cash and cash equivalents	(69)	(537)
Net increase (decrease) in cash and cash equivalents during the year	3,603	(7,266)
Cash and cash equivalents, beginning of the year	15,658	22,924
Cash and cash equivalents, end of the year	19,261	15,658

See accompanying notes

Notes to Consolidated Financial Statements

November 30, 2002 and 2001 (Canadian dollars, amounts in thousands except share and per share data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Gennum Corporation (the "company") have been prepared in accordance with Canadian generally accepted accounting principles and within the framework of the significant accounting policies summarized below:

Revenue recognition – Revenue from sales of products is recognized when the price is fixed or determinable, collectibility is reasonably assured and upon shipment to, and acceptance by, the customer.

Principles of consolidation – These consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries, Gennum Japan KK and Gennum UK Limited. All significant intercompany transactions have been eliminated.

Cash and cash equivalents – Cash and cash equivalents include cash on deposit and term deposits with remaining maturities of three months or less at acquisition.

Translation of foreign currencies – Monetary assets and liabilities of the company denominated in foreign currencies are translated at year-end exchange rates. Revenue and expenses are translated at actual rates of exchange when the transaction occurred. Exchange gains and losses on these items are recognized in earnings in the current year.

The company's operations outside of Canada are considered self-sustaining and accordingly, the assets and liabilities are translated to Canadian dollars using the year-end exchange rates and revenue and expenses are translated at the average rates during the year. Exchange gains or losses on translation of the company's net equity investment in these operations are deferred as a separate component of shareholders' equity.

The appropriate amounts of exchange gains or losses accumulated in the separate component of shareholders' equity are reflected in earnings when there is a reduction in the company's net investment in the operations that gave rise to such exchange gains and losses.

Inventories – Inventories are recorded at the lower of cost and net realizable value. Inventory cost is based on average cost and includes material, labour and manufacturing overhead where applicable.

Capital assets – Capital assets are recorded at cost, net of related government assistance.

Buildings are amortized using the straight-line method over estimated useful lives of twenty years. Machinery and equipment are amortized using the straight-line method over estimated useful lives ranging from three to seven years.

Government assistance – The company makes periodic applications for financial assistance under available government incentive programs including investment tax credits. Government assistance relating to capital expenditures is reflected as a reduction of the cost of such assets. Government assistance relating to research and development expense is recorded as a reduction of expenses when the related expenditures are incurred.

Income taxes – The company follows the liability method of income tax allocation. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Stock-based compensation plan – No compensation expense is recognized for stock options granted under the company's stock option plan. Consideration paid on the exercise of stock options is credited to capital stock.

Earnings per share – The calculation of earnings per share is based on reported net earnings divided by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the assumed conversion of all dilutive securities using the treasury stock method.

Use of estimates – The preparation of the consolidated financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

2. ACCOUNTING CHANGE

Stock-based compensation – In November 2001, the Canadian Institute of Chartered Accountants (CICA) issued Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments". Under the new standard, stock options may be accounted for using the fair value method (which gives rise to compensation expense) or the intrinsic value method (which does not give rise to compensation expense). The company will continue to account for its fixed priced options under the intrinsic value method. Note 5 discloses what the impact on net earnings would have been if the fair value method was followed.

3. INVENTORIES

	2002	2001
Raw materials and supplies	6,291	5,335
Work in process	12,130	13,782
Finished goods	4,773	6,288
	23,194	25,405

4. CAPITAL ASSETS

	2002	2001
Land	2,823	2,838
Buildings	26,416	30,003
Machinery and equipment	62,270	54,236
Construction in progress	13,379	5,319
	104,888	92,396
Less accumulated amortization		
Buildings	7,429	9,186
Machinery and equipment	45,338	37,798
	52,767	46,984
	52,121	45,412

The cost of machinery and equipment additions for 2002 is reduced by government assistance of \$802 (2001 – \$1,089).

The estimated amount required to complete authorized capital projects is \$2,700 at November 30, 2002. The majority of these expenditures are expected to be incurred over the next 12 months.

5. CAPITAL STOCK

The issued common shares of the company as at November 30, 2002 consist of 35,664,749 common shares (2001 – 35,664,624) at a stated value of \$6,995 (2001 – \$6,994).

The company has an incentive stock option plan, which provides for the granting of options for the benefit of employees and officers. The total number of company shares that may be issued under this plan is 1,750,000.

All options are granted for a term of seven years from the grant date with vesting of 25% at the end of the first, second, third and fourth years from the date of grant, respectively. All options allow the holder to purchase common shares at a price equal to the market price of such shares at the date of grant.

A summary of the plan and changes during 2002 and 2001 are as follows:

	2002		2001	
	Number of Shares	Weighted average exercise price	Number of Shares	Weighted average exercise price
Outstanding, beginning of year	890,750	12.42	408,250	13.00
Granted	286,000	12.29	510,500	11.99
Forfeited	(17,000)	14.49	(28,000)	13.00
Exercised	(125)	11.43	—	—
Outstanding, end of year	1,159,625	12.36	890,750	12.42
Options exercisable at year end	324,750	12.60	102,063	13.00

The following table summarizes information about options outstanding at November 30, 2002:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$ 11.05 – \$ 16.50	1,159,625	5.7 years	\$ 12.36	324,750	\$ 12.60

Fair value of stock options – Had compensation cost been determined based on the fair value at the grant date, for the awards granted after December 1, 2001, the company's net earnings for the year would have been reduced by \$63, and the earnings per common share would have been reduced by \$0.01 to \$0.39 per share.

The estimated weighted average fair value of stock options granted after December 1, 2001 is \$4.57 per share using the Black-Scholes option-pricing model with the following weighted average assumptions:

• Risk free interest rate	4.58%
• Expected dividend yield	0.85%
• Expected volatility	35%
• Expected time until exercise	5.5 years

Had compensation been determined based on the fair value at the grant date, for all awards granted since the inception of the incentive stock option plan, the company's net earnings for the year would have been reduced by \$1,100 and in addition, earnings for prior years would have been reduced by \$709.

The Black-Scholes option valuation model used by the company to determine fair values was developed for use in estimating the fair value of freely traded options, which are fully transferable and have no vesting restrictions. In addition, this model requires the input of highly subjective assumptions, including future stock price volatility and expected time until exercise. Because the company's outstanding stock options have characteristics which are significantly different from those of traded options, and because changes in any of the assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

Earnings per share – The following is a reconciliation of the numerator and denominator of earnings per share computations:

	2002	2001
Net earnings for the year	14,094	10,536
Weighted average shares outstanding (numbers in thousands)	35,665	35,665
Effect of dilutive stock options	39	44
Diluted weighted average shares outstanding	35,704	35,709
Earnings per share		
Basic	\$ 0.40	\$ 0.30
Diluted	\$ 0.39	\$ 0.30

Options to purchase 500,750 and 458,750 common shares for the years ended November 30, 2002 and 2001, respectively, were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares.

6. SEGMENTED INFORMATION

Segmented Information – Historically, the company was organized and managed, for financial reporting purposes, as a single business segment, being the design and manufacture of electronic components, primarily silicon integrated circuits and thin-film hybrid circuits, for specialized applications. Accordingly, the company disclosed geographic information only.

In order to provide greater customer focus, the company reorganized its operating structure to align more closely with its product groups and, in the current year, developed a financial reporting structure consistent with the way in which the operating results are regularly reviewed by management for purposes of resource allocation and performance assessment.

The company has three reportable segments:

Hearing Instrument Products (HIP): Develops and supplies a wide range of components for use by manufacturers of analogue and digital signal processing (DSP) hearing instrument products.

Video Products (Video): Provider of high performance components to video equipment and systems manufacturers for broadcast television studios, and production and post-production houses for video and film creation, with a product range encompassing analogue video processing, serial digital transmission, video format conversion and image processing for both standard and high-definition TV applications.

Data Communications Products (Datacom): Develops and supplies high performance integrated circuits for very high-speed serial backplane applications and future broadband infrastructure data networking solutions.

Each of the segments above represent strategic business units that offer products to distinct markets. The total of segment profits and other reconciles to the earnings before income taxes disclosed in the Consolidated Statements of Earnings and Retained Earnings. General and administrative costs are allocated to the operating segments based upon estimates of usage. The company has included interest revenue, corporate research and development costs, foreign exchange gains or losses, and income tax expense in the determination of other segment profit. The company's other segment revenue consists primarily of user specific integrated circuit products, which are not included within the operating segment revenues. The total assets in other include: cash and cash equivalents, future income taxes, income tax payable, and capital assets not allocated to the operating segments. The significant accounting policies of the reportable segments are the same as those described in note 1. Prior period comparisons on the new basis of segmentation have not been provided, as no discrete financial information is available. Substantially all of the company's assets, operations and employees are located in Canada.

Year Ended November 30, 2002

	HIP	Video	Datacom	Other	Total
Segment Revenue	57,447	58,046	93	728	116,314
Segment Profit	8,784	17,803	(4,868)	(579)	21,140
Amortization	4,894	3,794	482	–	9,170
Capital Asset Additions	4,640	3,072	313	8,137	16,162
Total Assets	52,152	36,169	1,570	32,571	122,462

Canadian and foreign operations consist of:

	2002			2001		
	Canada	Foreign	Total	Canada	Foreign	Total
Revenue						
Domestic	16,558	36,112	52,670	11,677	19,432	31,109
Export	92,176	3,797	95,973	75,684	5,032	80,716
	108,734	39,909	148,643	87,361	24,464	111,825
Inter-company eliminations	(32,329)	–	(32,329)	(18,748)	–	(18,748)
Total revenue	76,405	39,909	116,314	68,613	24,464	93,077
Capital assets	51,903	218	52,121	45,157	255	45,412

Revenue information by product group is as follows:

	2002	2001
Hearing instrument components	57,447	48,425
Video and broadcasting components	58,046	43,339
Data communications components	93	–
Other components	728	1,313
	116,314	93,077

Revenue by principal markets are as follows:

	2002	2001
United States	42,312	39,622
Europe	15,657	18,554
Pacific Rim	41,787	23,224
Canada	16,558	11,677
	116,314	93,077

During the year ended November 30, 2002, one client accounted for 14% (2001 – 10%) of the company's total revenue.

7. INCOME TAXES

Provision for income taxes consist of the following:

	2002	2001
Current income taxes	7,928	4,814
Future income taxes	(882)	195
	7,046	5,009

The following is a reconciliation of the expected income tax expense obtained by applying the combined corporate tax rates to earnings before income taxes:

	2002	2001
Expected income tax expense using statutory tax rates	7,081	5,331
Permanent differences and other		
Foreign	(39)	(84)
Domestic	–	(232)
Foreign rate differentials	4	(6)
Provision for income taxes	7,046	5,009
Effective tax rate	33.3%	32.2%

Components of future income taxes by jurisdiction are summarized as follows:

	2002	2001
Canada		
Future income tax liabilities – current		
Accounting income not currently taxable	806	944
Future income tax liabilities – long-term		
Tax depreciation in excess of book depreciation	249	645
Other	283	368
	532	1,013
Foreign		
Future income tax assets – long-term		
Accounting provisions not currently deductible for tax purposes	435	172

8. CUMULATIVE TRANSLATION ADJUSTMENT

Unrealized translation adjustments, which arise on the translation to Canadian dollars of assets and liabilities of the company's self-sustaining foreign operations, resulted in an unrealized currency translation gain of \$151 (2001 – loss of \$677) for the year ended November 30, 2002. The unrealized gain resulted primarily from the strengthening of the British Pound against the Canadian dollar.

9. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

	2002	2001
Accounts receivable	(10,087)	59
Inventories	2,213	(823)
Prepaid expenses and other assets	(589)	(790)
Income taxes recoverable/payable	3,570	(2,675)
Accounts payable and accrued liabilities	7,578	(4,816)
	2,685	(9,045)

During the year, the company made income tax payments of \$1,057 (2001 – \$7,908).

10. CONTINGENCIES

In the ordinary course of business activities, the company may be contingently liable for litigation and claims with customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required. Although it may not be possible to accurately estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the financial position of the company.

11. FINANCIAL INSTRUMENTS

The company uses derivative financial instruments to manage foreign exchange risk. The company does not trade in derivatives for speculative purposes.

The company has entered into foreign exchange contracts to hedge future cash flows in US dollars and the Japanese Yen. Under these contracts the company may be obliged to sell specific amounts of US dollars or Japanese Yen at predetermined dates and exchange rates. These contracts are matched with anticipated operational cash flows in US dollars and Japanese Yen.

The company has entered into foreign exchange contacts with an aggregate amount of US \$26,550 and Yen 821,705 as at November 30, 2002. These contracts mature at the latest on November 26, 2003 at exchange rates varying between Canadian \$1.590 and Canadian \$1.616 against the US dollar, and between Canadian \$0.01259 and Canadian \$0.01355 against the Japanese Yen.

12. COMPARATIVE AMOUNTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2002 consolidated financial statements.

Ten Year Financial Highlights

(in thousands of dollars except as noted)

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Income Statement:										
Revenue	116,314	93,077	106,536	93,615	83,497	61,522	53,496	42,317	33,204	27,492
R&D Expense	27,671	22,523	17,986	15,013	14,620	12,393	10,148	8,523	7,809	7,422
Net Earnings	14,094	10,536	18,774	17,462	16,177	11,935	9,706	6,747	5,113	4,257
Net Earnings per Share (\$)	0.40	0.30	0.53	0.49	0.45	0.33	0.27	0.19	0.14	0.12
Financial Position:										
Cash and Cash Equivalents	19,261	15,658	22,924	15,463	30,653	27,776	19,525	13,115	7,950	4,609
Working Capital	50,791	48,278	47,977	36,390	40,453	33,714	23,374	17,863	13,731	10,843
Capital Asset Expenditures	16,162	12,433	9,310	22,807	10,262	3,566	5,479	4,033	2,924	1,852
Total Assets	122,462	106,743	104,380	91,513	82,972	62,840	50,940	39,030	30,460	25,990
Shareholders' Equity	102,815	92,849	87,269	72,736	58,662	45,219	35,543	27,660	22,399	18,997
Other:										
Return on Average										
Equity (%)	14.4	11.7	23.5	26.6	31.1	29.6	30.7	27.0	24.7	24.3
Number of Employees	540	507	491	451	392	325	292	264	247	240

Common Share Data

(in thousands except per share data)

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Shares Outstanding	35,665	35,665	35,665	35,665	35,665	35,665	35,665	35,665	35,665	36,072
Market Data:										
– High (\$)	15.25	17.00	19.50	20.70	14.65	11.82	9.00	3.00	2.26	2.11
– Low (\$)	10.60	10.00	11.75	13.40	8.42	7.90	3.00	2.14	1.75	1.49
– Share Volume	7,217	8,276	9,599	9,780	7,587	10,704	6,336	10,089	4,329	9,279
Shareholders' Equity per										
Common Share (\$)	2.88	2.60	2.45	2.04	1.64	1.27	1.00	0.78	0.63	0.53

Directors and Officers

Directors

H. Douglas Barber, Ph.D. ^{AC, CGC}
Private Investor

Cesar Cesaratto ^{HR}
Corporate Director

Mark H. Leonard ^{HR}
President
Constellation Software Inc.
(Toronto, Ontario)

^{AC} Member of the Audit Committee

^{CGC} Member of the Corporate
Governance Committee

^{HR} Member of the Human Resource
Committee

Ian L. McWalter, Ph.D.
President and
Chief Executive Officer
Genum Corporation

Waldemar A. Pieczonka, Ph.D. ^{AC, CGC}
Retired

Stephen R. Scotchmer ^{AC, HR}
Private Investor

H. Patrick Thode, CA ^{AC, CGC, HR}
Private Investor

Officers

Gary M. Beauchamp
Vice President and
General Manager,
Data Communications Products

Peter D. Bloch, CA
Vice President, Finance and
Administration and Chief
Financial Officer

Gora Ganguli
Vice President and
General Manager,
Hearing Instrument Products

David L. Lynch
Vice President and
General Manager,
Video Products

John A. Mackie
General Counsel and
Corporate Secretary

Ian L. McWalter, Ph.D.
President and
Chief Executive Officer

Alan D. Murray
Vice President,
Human Resources

H. Patrick Thode, CA
Chairman

Corporate Information

Corporate Address

Genum Corporation
P.O. Box 489, Station A
Burlington, Ontario L7R 3Y3
Tel: (905) 632-2996
Fax: (905) 632-2055
E-mail: corporate@gennum.com
Web Site: www.gennum.com

Locations

970 Fraser Drive
Burlington, Ontario L7L 5P5

4281 Harvester Road
Burlington, Ontario L7L 5M4

Ottawa Design Centre
232 Herzberg Road, Suite 202
Kanata, Ontario K2K 2A1
Tel: (613) 270-0458
Fax: (613) 270-0429

Genum Japan Kabushiki Kaisha
Shinjuku Green Tower Building 27F
6-14-1, Nishi Shinjuku
Shinjuku-ku, Tokyo 160-0023
Japan
Tel: 81 (3) 3349-5501
Fax: 81 (3) 3349-5505
E-mail: gennum-japan@gennum.com

Genum UK Limited
25 Long Garden Walk
Farnham, Surrey
England GU9 7HX
Tel: 44 (1252) 747000
Fax: 44 (1252) 726523
E-mail: gennum-uk@gennum.com

Transfer Agent & Registrar
Computershare Trust Company of Canada
(Toronto, Ontario)

Auditors
Ernst & Young LLP

Stock Listing
The Toronto Stock Exchange
Trading Symbol – GND

Shareholders' Meeting

The Annual General Meeting of the Shareholders of Genum Corporation will be held at The Burlington Convention Centre, 1120 Burloak Drive, Burlington, Ontario on the 23rd day of April, 2003 at 4:30 o'clock in the afternoon.

For further information, contact Genum Investor Relations (905) 632-2999 ext. 3010



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